

## EXHIBIT L

SCHENKER, INC.

2375 HADLEY RD

US-PLAINFIELD, IN 46168

USA

Phone: 3178373370

Fax...

 **SCHENKER**  
Stinnes Logistics
**INVOICE****No. : 38604676**

To:

 ROYAL DOULTON USA INC  
 ATTN: LEONA WALKER  
 305 MILNER AVE SUITE 700

TORONTO ON M1B 3V4

Departure....:

HBL Number...: GEN

VOYAGE No....:

Pieces.....: 0

Description..:

Shipper Ref.:

Date.....: 06/23/2005

Shipment No...: 9586500009

Our Ref.....:

Account No....: 915386

Contact At SI: KIM WELCH

Telephone No.: 3178373370

Destination...:

BL Number.....:

Vessel Name...:

Gross Weight..: .000

Booking No....:

RMS: PAYABLE BY JULY 15, 2005

**CHARGES****INVOICE AMOUNT**

Asset remaining book value	USD	203090.16
Take down racking/conveyors	USD	29206.00
Floor scrubber rental for exit clean up	USD	810.00
Electrical contractor for removal of wiring/chargers	USD	800.00
Sign removal	USD	375.00
Labor cost to remove support materials	USD	13800.00

**TOTAL INVOICE AMOUNT****USD 248081.16**

INVOICE DUE DATE 15 DAYS FROM INVOICE DATE

PLEASE REMIT PAYMENT TO :

SCHENKER INC., P.O. BOX 2307, CARDL STREAM, IL 60132-2307

23-Jun-05

## ROYAL DOULTON BREAKDOWN

INVOICE FOR  
OPERATIONAL AND ADMINISTRATIVE CLOSING COST

## AMOUNT

Asset Remaining Book Value	\$ 203,090.16
Take Down Racking/Conveyors	\$ 29,206.00
Floor Scrubber Rental for Exit Clean Up	\$ 810.00
Electrical Contractor for removal of wiring/changers	\$ 800.00
Sign Removal	\$ 375.00
Labor Cost to remove all support material, equipment furniture, supplies, overall cleanup, etc. 120 hours x 4 x 25% eb's, and 120 x 36.00 x 25% eb;s	\$ 13,800.00

TERMS: PAYABLE BY JULY 15, 2005

Royal Doulton Grand Total \$ 248,081.16

CompanyCode	Serialnumber	Inventoryno.	Assetclass	Costcenter				
0011	ROYAL DOULTON	12000	18671					
Asset	SNo.	Class	Cap.date	Cost ctr	Asset description	Acquis.val.	Accum.depr	Book val.
100255	0	12000	1/31/2003	18671	HTS License	291,552.42	-186,269.62	105,282.80
300103	0	21010	1/31/2003	18671	Data Cabling	27,399.84	-13,153.85	14,245.99
300106	0	21010	4/30/2003	18671	Neon Sign	1,405.04	-1,115.22	289.82
300110	0	21010	4/30/2003	18671	Wiring	13,610.53	-10,803.06	2,807.47
600057	0	24020	1/31/2003	18671	Ampower Lift Truck	2,848.77	-1,820.05	1,028.72
600058	0	24020	1/31/2003	18671	Hyster Fork Lift	3,550.01	-2,268.06	1,281.95
600059	0	24020	1/31/2003	18671	Clark Forklift	3,550.01	-2,268.06	1,281.95
600060	0	24020	1/31/2003	18671	Crown Forklift	3,550.01	-2,268.06	1,281.95
700287	0	24030	3/1/1999	18671	Workstation	872.02	-737.06	134.96
700288	0	24030	3/1/1999	18671	Workstation	872.02	-737.06	134.96
700289	0	24030	3/1/1999	18671	Workstation	872.02	-737.06	134.96
700290	0	24030	3/1/1999	18671	Workstation	872.01	-737.05	134.96
700291	0	24030	3/1/1999	18671	Workstation	872.01	-737.05	134.96
700292	0	24030	3/1/1999	18671	Workstation	1,914.92	-1,618.56	296.36
700340	0	24030	5/1/1999	18671	8 Hi Back Chairs	2,881.89	-2,435.89	446
700365	0	24030	9/1/1999	18671	Reception Workstation w/ High Back Chair	1,648.92	-606.9	1,042.02
701065	0	24030	11/30/2002	18671	Security System	1,768.26	-736.78	1,031.48
701068	0	24030	12/31/2002	18671	Transcell Gardian Floor Scale	525.93	-336.02	189.91
701070	0	24030	1/31/2003	18671	Clark Sweeper	525.93	-336.02	189.91
701071	0	24030	1/31/2003	18671	Stretch Wrap Machine	525.93	-336.02	189.91
701223	0	24030	1/31/2003	18671	Racking	190,999.12	-138,908.45	52,090.67
701224	0	24030	1/31/2003	18671	Conveyor System	5,120.00	-3,723.64	1,396.36
800459	0	24040	4/30/1998	18671	Allied Telesyn Enet 10BT Slack Hub	844.5	-844.5	0
801572	0	24040	8/14/2001	18671	Dell Latitude C800 1GHz P3 Laptop	3,798.45	-3,798.45	0
801802	0	24040	8/1/2002	18671	Wireless Network & Related Devices	65,392.42	-63,575.96	1,816.46
801808	0	24040	8/1/2002	18671	Dell Optiplex GX260D Desktop	941.54	-915.39	26.15
801812	0	24040	8/1/2002	18671	Dell Optiplex GX260D Desktop	852.11	-828.44	23.67
801813	0	24040	8/1/2002	18671	Dell Optiplex GX260D Desktop	852.11	-828.44	23.67
801814	0	24040	8/1/2002	18671	Dell Optiplex GX260D Desktop	852.11	-828.44	23.67
801815	0	24040	8/1/2002	18671	Dell Optiplex GX260D Desktop	852.11	-828.44	23.67
801817	0	24040	8/1/2002	18671	Dell Optiplex GX260D Desktop	852.1	-828.43	23.67

801818	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.1	-828.43	23.67
801819	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.1	-828.43	23.67
801820	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.1	-828.43	23.67
801821	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.1	-828.43	23.67
801822	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.1	-828.43	23.67
801824	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.11	-828.44	23.67
801825	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.11	-828.44	23.67
801826	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.11	-828.44	23.67
801827	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.11	-828.44	23.67
801828	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.11	-828.44	23.67
801829	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.11	-828.44	23.67
801830	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.1	-828.43	23.67
801831	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.1	-828.43	23.67
801832	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.1	-828.43	23.67
801833	0	24040	8/1/2002	18671 Dell Optiplex GX260D Desktop	852.1	-828.43	23.67
801834	0	24040	8/1/2002	18671 Dell Latitude C840 1.60Ghz P4 Laptop	2,171.36	-2,111.05	60.31
801835	0	24040	8/1/2002	18671 Dell Latitude C840 1.60Ghz p4 Laptop	2,171.36	-2,111.05	60.31
801837	0	24040	8/1/2002	18671 Dell Latitude C840 1.60Ghz p4 Laptop	2,433.32	-2,365.73	67.59
801838	0	24040	8/1/2002	18671 WIRELESS LAN INSTALLATION	2,872.00	-2,792.22	79.78
802538	0	24040	6/30/2004	18671 Dell Latitude D600 1.4Ghz PM Laptop	1,683.27	-514.34	1,168.93
802654	0	24040	11/30/2004	18671 Peribit-SR-20-128K	1,740.00	-531.67	1,208.33
900332	0	24050	12/1/2001	18671 Sunroc Classic <sup>™</sup> Hot/Cold Water Cooler	525	-411.25	113.75
900390	0	24050	7/12/2002	18671 Printer s600	990.28	-577.67	412.61
900395	0	24050	8/1/2002	18671 HP LASERJET 4100 NN	11,055.36	-6,448.96	4,606.40
900398	0	24050	9/1/2002	18671 Zebra S600 Barcode label printer	908.25	-529.82	378.43
900408	0	24050	10/1/2002	18671 Zebra S600 Barcode Label Printers	3,539.52	-2,064.71	1,474.81
900658	0	24050	7/31/2003	18671 LASERJET 4200N PRINTER	1,480.29	-567.45	912.84
900659	0	24050	7/31/2003	18671 LASERJET 4200N PRINTER	1,480.29	-567.45	912.84
900660	0	24050	7/31/2003	18671 LASERJET 4200N PRINTER	1,480.29	-567.45	912.84
900889	0	24050	9/30/2004	18671 Ricoh Aficio 2018D Copier w/ Fax	3,325.22	-609.62	2,715.60
900932	0	24050	11/30/2004	18671 Zebra S600 Barcode Label Printer	851.82	-156.16	695.66
Totals							203,090.16

\*Company code 0011 Schenker Inc. NY/Freeport

## EXHIBIT M

THE  
**ROYAL DOULTON**  
COMPANY

Royal Doulton USA Inc. • 200 Cottontail Lane • Somerset, New Jersey 08873  
Telephone: 732-356-7880 Fax: 732-764-4974

July 7, 2005

Mr. Eric Dewey  
Schenker, Inc.  
Corporate Office  
150 Albany Avenue  
Freeport, NY 11520

**Re:** Schenker Invoice No. 38604676 (June 23, 2005)

Dear Eric:

We have received and reviewed your June 23, 2005 Invoice (No. 38604676) and we question each of the charges shown thereon.

**A. Asset Remaining Book Value.** The only amortizable costs for which Royal Doulton USA Inc. ("*Royal Doulton*" or "*we*") is responsible under the Warehousing and Distribution Service Agreement, effective August 26, 2002 (the "*Agreement*"), are the Set-Up Costs itemized in Schedule 1 to the Agreement. These costs total \$388,385.00 and are billable to Royal Doulton at the rate of \$10,788.00 per month during the term of the Agreement. Each of your prior invoices has included this monthly charge in your total charge of \$162,772.00 for "Dedicated Logistics". We, therefore, find no contractual basis for the "asset remaining book value" charge of \$203,090.16, as shown on your current invoice.

**B. Additional Invoice Charges.** The additional charges of \$44,991.00, as shown on your current invoice, appear to be in the nature of "closing costs" and are identified as such on the "Royal Doulton Breakdown" appended to the invoice. However, there is nothing in the Agreement which imposes upon Royal Doulton any financial responsibility for any such "closing costs." The only financial responsibilities of Royal Doulton under the Agreement are (i) to pay for your services "in accordance with the Contract Rates" (§22.1) and (ii) to pay for any additional "facilities, services or resources" that Royal Doulton may request at rates mutually agreed upon by the parties (§22.5). The "closing costs" billed to Royal Doulton in your current invoice are not included in the Contract Rates and do not relate to any additional services "requested" by Royal Doulton. We, therefore, do not understand the contractual basis for these additional charges.

If, contrary to our reading of the Agreement, you believe that there is a contractual basis for the amortized costs and closing costs included in your current invoice, please identify for us the relevant provisions of the Agreement.

Yours sincerely,

Don Stubbs  
Vice President, Finance

## EXHIBIT N



Message

Page 1 of 3

**John Richardson**

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**From:** Thurman Walker [thurman.walker@schenkerusa.com]  
**Sent:** Wednesday, June 22, 2005 7:20 AM  
**To:** 'John Richardson'  
**Subject:** FW: Rack Relocation Quote

John,

Let me know if you need additional info.

Thanks,

Thurman

-----Original Message-----

**From:** ecollins@idsengineering.com [mailto:ecollins@idsengineering.com]  
**Sent:** Tuesday, June 21, 2005 9:53 AM  
**To:** 'Thurman Walker'; 'Thomas Palmer'; Ellsworth Collins  
**Subject:** RE: Rack Relocation Quote

Thurman: The breakout for take-down/prepare for transport and transportation is as follows:

Price to Take-down and Prepare for Transport	\$25,700.00
Transportation Price	\$3,506.00

Please let me know if there is anything else you need.

Best regards,  
Worth

-----Original Message-----

**From:** Thurman Walker [mailto:thurman.walker@schenkerusa.com]  
**Sent:** Tuesday, June 21, 2005 7:04 AM  
**To:** 'Thomas Palmer'; Ellsworth Collins  
**Subject:** FW: Rack Relocation Quote

Worth,

Can you break out the costs as requested below. This project should start the last week of July.

Let me know.

Thanks,

Thurman

-----Original Message-----

**From:** John Richardson [mailto:john.richardson@schenker.com]  
**Sent:** Monday, June 20, 2005 2:49 PM  
**To:** 'Thurman Walker'  
**Subject:** RE: Rack Relocation Quote

Thurman,

6/22/2005

Is there a chance you could get them to submit a quote for just the take down, loading, and transportation to your place. This is all that I can charge RD. Let me know.  
Thanks.

John Richardson  
Project Manager  
Schenker Logistics, Inc.  
5240 W. 76th St.  
Indianapolis, IN 46268  
(317)870-2134 office  
(336) 457-0366 mobile  
john.richardson@schenker.com

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-----Original Message-----

**From:** Thurman Walker [mailto:thurman.walker@schenkerusa.com]  
**Sent:** Thursday, June 16, 2005 6:45 PM  
**To:** 'John Richardson'  
**Subject:** FW: Rack Relocation Quote

John,

Here is the quote we recieved.

Thanks,

Thurman

-----Original Message-----

**From:** Denver Wischmeier [mailto:denver.wischmeier@schenker.com]  
**Sent:** Thursday, June 16, 2005 2:19 PM  
**To:** Thurman.Walker@Schenker.com  
**Subject:** FW: Rack Relocation Quote

FYI, here is the quote RD rack move.

Denver

-----Original Message-----

**From:** Ellsworth Collins [mailto:ecollins@idsengineering.com]  
**Sent:** Wednesday, June 15, 2005 2:39 PM  
**To:** denver.wischmeier@schenker.com  
**Cc:** Thomas O. Palmer  
**Subject:** Rack Relocation Quote

Denver: Attached is our quotation for the Rack Relocation as you requested and as we have discussed by phone. As I have stated in the quote, our crew is very experienced with this type of work and will do an excellent job. Please contact me at any time if you have questions or if I can be of any assistance on this or other projects.

Best regards,  
Ellsworth Collins

6/22/2005

Message

Page 3 of 3

IDS Engineering  
Director of Engineering Services  
1717 Alliant Ave., Ste. 12  
Louisville, KY 40299

502-657-2600 x160  
502-657-2604 Fax  
[ecollins@idsengineering.com](mailto:ecollins@idsengineering.com)

6/22/2005



INDUSTRIAL EQUIPMENT INC.  
5520 W. 96TH STREET, ZIONSVILLE, INDIANA 46077  
PH. 317/873-3373  
FAX 317/873-3791

**SWEeper & SCRUBBER RENTAL RATES**

**WALK-BEHIND SCRUBBERS OR SWEEPERS**

Model	Daily	Weekly	Monthly
280HD Walkie Scrubber	\$ 150.00	\$ 310.00	\$1,300.00

**RIDER SCRUBBERS**

Model	Daily	Weekly	Monthly
3800B	\$ 215.00	\$ 1,000.00	\$ 2,150.00

2052P/GB	\$ 250.00	\$ 1,150.00	\$ 2,750.00
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**RIDER SWEEPERS**

Model	Daily	Weekly	Monthly
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2060P Advance	\$ 200.00	\$ 800.00	\$ 2,000.00
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\*\* Delivery Charge Not Included. LP Tanks 18.00 Per Filling  
Each

NEW & USED EQUIPMENT  
PARTS, ALLIED EQUIPMENT, RENTALS, & SERVICE  
YOUR COMPLETE MATERIAL HANDLING COMPANY



R&R Plumbing Co., Inc.  
dba: R&R Electric  
1840 Midwest Blvd.  
Indianapolis, IN 46214  
Phone: (317) 271-2553 Fax: (317) 273-2640

---

To: John Richardson  
From: Mike Davis  
Subject: Schenker Demolition  
Date: June 21, 2005

Please see our proposed quote for Demolition work at Schenker.  
I appreciate the opportunity to quote this work. I am looking forward to working with you.  
If you have any further questions please contact me at the numbers I have provided.

- Disconnect and remove 5ea. 480v Forklift Disconnects
- Disconnect and remove 16ea. 8' Strip Lights
- Disconnect and remove 1ea. 45kva Transformer and 1ea. 208v 100A Panel
- Disconnect and remove all circuits from 100A Panel listed above

**Total: \$800.00**

Thank you,

Mike Davis  
R&R Electrical  
Commercial Division  
Office 317-271-2553 x 229  
Cell 317-281-8676

**Sign  
Design** By

## **FAX TRANSMISSION**

- ☐ Please call to confirm receipt
- ☐ Please respond by return fax
- ☐ Call if transmission is incomplete

4725 W. 106<sup>th</sup> Street  
Zionsville, IN. 46077  
Tel: 317-876-7900  
Fax: 317-802-5670  
[donm@asignbydesign.com](mailto:donm@asignbydesign.com)  
[www.asignbydesign.com](http://www.asignbydesign.com)

**Date: 6/21/05**

**To: John Richardson**

**From: Don Miller**

**Company: Schenker Logistics**

**No. Of Pages Including  
Cover Page: 1**


**Fax Number: 870-2130**

The following is a quote to remove one elevation of PVC letters, caulk holes and give to customer. Note !! During removal letters could crack. We will be careful but we can not guarantee the letters. Removal to be completed during the week of July 25<sup>th</sup>. Payment must be made before removal.

Labor only                      \$375.00

Acceptance \_\_\_\_\_ Payment \_\_\_\_\_ Date \_\_\_\_\_

Don Miller



## EXHIBIT O

**From:** Eric.Dewey@schenker.ca  
**Sent:** Tuesday, July 12, 2005 11:16 AM  
**To:** Tom Hickey  
**Cc:** Don Stubbs; Graeme Watson; John Richardson  
**Subject:** Your message

Hi Tom,

Sorry I haven't returned your call, but I have been engaged with another customer.

I understand from John that a payment will be received this Friday to stay on our plan. Please confirm that the payment covers all outstanding amounts, including the additional scope payments (16,666) agreed to by Heiner and Art last year as well as closing costs.

I do understand from Don's recent letters that Royal Doulton are contesting some of these issues and amounts. In the interest of continuity and smooth transition, and as a continued act of good faith, please pay in full now. We, in turn, will commit is good faith to meet and resolve the issues at the completeion of the transition.

Looking forward to receiving your payment and completing the transition.

Eric

-----  
Sent from my BlackBerry Wireless Handheld



## EXHIBIT P

**From:** eric.dewey@schenker.ca  
**Sent:** Wednesday, July 13, 2005 8:31 AM  
**To:** Don Stubbs  
**Cc:** Tom Hickey" <THickey@RoyalDoultonUSA.com/@schenker.ca, graeme.watson@schenker.com, john.richardson@schenker.com  
**Subject:** Re: Invoice Number 38604676

Hi Don,

We are in receipt of your letter dated July 7th, 2005.

Our invoice simply covers Schenker's actual costs to meet Royal Doulton's requirements for transition. Schenker has committed to working with Royal Doulton on a smooth transition from our facility in Indianapolis to your facility in New Jersey. In the absence of being paid, in advance, for these costs, it is not possible for Schenker to proceed with the transition.

Please ensure that all outstanding invoices are paid according to the schedule outlined in our previous e-mails.

Thank-you,

Eric

-----"Don Stubbs" <DStubbs@royaldoulton.ca> wrote: -----

To: <eric.dewey@schenker.ca>  
From: "Don Stubbs" <DStubbs@royaldoulton.ca>  
Date: 07/07/2005 06:07PM  
cc: "Tom Hickey" <THickey@RoyalDoultonUSA.com>  
Subject: Invoice Number 38604676

Eric,  
Please see the attached letter.  
Regards  
Don

This message is intended only for the use of the individual or entity to whom it is addressed. It may contain confidential or legally privileged information. If you are not the intended recipient you are hereby notified that any disclosure, copying, distribution of this information is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately. Schenker is neither liable for the proper and complete transmission of the information contained in this communication nor for any delay in its receipt. All business is undertaken subject to our Standard Trading Conditions, a copy of which is available on request.

## EXHIBIT Q

THE  
**ROYAL DOULTON**  
COMPANY

Royal Doulton USA Inc. • 200 Cottontail Lane • Somerset, New Jersey 08873  
Telephone: 732-356-7880 Fax: 732-764-4974

July 21, 2005

**VIA FACSIMILE and CERTIFIED MAIL,  
RETURN RECEIPT REQUESTED**

Mr. Heiner Murmann  
President and Chief Executive Officer  
Schenker Inc.  
150 Albany Avenue  
Freeport, New York 11520

**Re:** *Warehousing and Distribution Service Agreement,  
effective August 26, 2002 ("WDS Agreement")  
between Royal Doulton USA Inc. ("RDUSA")  
and Schenker Inc. ("Schenker")*

Dear Mr. Murmann:

Pursuant to our recent telephone conferences and correspondence with Eric Dewey, we are remitting to you today by wire transfer the sum of \$164,156.50. Consistent with the payment schedule offered by Mr. Dewey in his e-mail to me of July 15, 2005, this initial payment is 50% of \$328,313.00, which in turn represents the sum of (a) your so-called "additional service" invoices from March 2004 in the aggregate amount of \$283,322.00 ("*Additional Service Charges*"), and (b) "closing costs" of \$44,991.00 ("*Closing Costs*" and, collectively with the Additional Service Charges, the "*Contested Charges*").

Also consistent with Mr. Dewey's July 15th e-mail, we are including in this wire transfer, the additional sum of \$42,550.33 representing the current "Somerset" invoices.

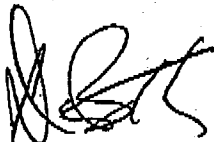
Please be advised, however, that:

1. The Contested Charges being paid in part today to Schenker are being paid by RDUSA under protest and duress, and solely for the purpose of avoiding irreparable injury to RDUSA's customer relationships and goodwill, based upon Mr. Dewey's threat to suspend or slow down Schenker's operations at the Indianapolis Distribution Center unless and until these sums have been paid in full;

2. We flatly deny that Schenker has any right under the WDS Agreement to impose upon RDUSA, and, therefore, deny that RDUSA has any obligation under the WDS Agreement to pay, any of the Additional Service Charges or Closing Costs; and

3. The payment today by RDUSA of a portion of the Contested Charges does not constitute a waiver of, and is without prejudice to, RDUSA's right to contest the validity and contractual basis of each of the Contested Charges, to claim that the assessment and collection of the Contested Charges by Schenker and Schenker's threatened suspension of operations constitute material breaches of the WDS Agreement, and to exercise any and all rights and remedies available to it under the WDS Agreement, or at law or in equity, in respect of the Contested Charges and Schenker's threatened suspension of operations, all of which rights and remedies are hereby expressly reserved by RDUSA.

Very truly yours,



Don Stubbs  
Vice President, Finance

cc: Mr. Eric Dewey

## EXHIBIT R

**From:** Eric.Dewey@schenker.ca  
**Sent:** Friday, July 15, 2005 10:36 AM  
**To:** DStubbs@royaldoulton.ca; THickey@RoyalDoultonUSA.com  
**Cc:** graeme.watson@schenker.com; john.richardson@schenker-ccw.com; frithjof.schaefer@schenker.com

Hi Don and Tom,

Further to our conversation yesterday afternoon, please note the changes as discussed, along with clarification on the miscellaneous matter.

The current outstanding balance is \$585,401.09.

We require that \$328,313 be paid by July 15th, 2005, broken down as follows.

- 1) Additional service invoices from March 2004: \$283,322.00
- 2) Closing costs: \$44,991.00

You have explained that it may take a week or two to "order" the cash from your parent company. We are prepared to agree on a payment schedule beyond tomorrow's deadline providing 50% is received by July 21st and the balance by July 28th. In this case, we would require a confirmation in writing and would defer a proportionate number of stock transfers to your new facility until the amount is paid in full on July 28th.

With respect to the "asset remaining book value" item in the closing costs invoice (\$203,090.16), we will explore various avenues to mitigate this cost and report back to you later next week.

Also notable are current "Somerset" invoices totalling \$42,205.53 which I assume you will pay as usual.

To make up the balance, \$11,792.40 is the sum of older outstanding matters which we are prepared to write off in the event we receive a final payment on the first matter above.

Schenker is committed to working with Royal Doulton on a smooth transition process in the coming weeks. In order to commit the human and financial resources for this effort, we need your account brought up to date, in accordance with the amounts and dates listed above. Please advise accordingly so we can proceed with our planning process.

Thank-you,

Eric

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## EXHIBIT S



**From:** Tom Hickey [THickey@RoyalDoultonUSA.com]  
**Sent:** Monday, July 18, 2005 3:42 PM  
**To:** DStubbs@royaldoulton.ca; eric.dewey@schenker.ca  
**Cc:** Arthur Bylin; frithjof.schaefer@schenker.com; Graeme Watson  
**Subject:** Re: Payments

Eric,

I was just informed that you have reassigned Tamara Adams, the warehouse manager, effective immediately. We have paid in advance, a retention fee, (Per Graeme Watson's request) as an incentive to keep key employees available until the end of our contract. In addition we have agreed to your payment terms to keep you from reassigning employees as you stated you would do and release our inventory. I find this unacceptable and feel we should have an accounting of what the retention fee was used for. I have left messages on your office and cell numbers and would appreciate a response.

Tom

>>> <Eric.Dewey@schenker.ca> 07/18/05 04:16PM >>>

Hi Don and Tom,

Thank-you for the e-mail.

As discussed, once we receive the first payment this week, we will release transfer loads proportionately.

We will also send a list of outstanding invoices totalling \$42,205.53 to you tomorrow.

Regards,

Eric

-----Original Message-----

From: Don Stubbs [mailto:DStubbs@royaldoulton.ca]  
Sent: Friday, July 15, 2005 3:29 PM  
To: THickey@RoyalDoultonUSA.com; Eric.Dewey@schenker.ca  
Cc: john.richardson@schenker-ccw.com; frithjof.schaefer@schenker.com;  
graeme.watson@schenker.com  
Subject: Re:

Eric,

As requested in your e-mail today, I acknowledge that we intend to make the specified payments on July 21 and 28 in order to not face potential suspension of operations. However, the payments do not constitute a waiver of our right to contest the validity of the charges and therefore the payments are without prejudice to any action that we might take against Schenker. As discussed yesterday, could you also arrange for a statement showing the invoices totalling \$42,205.53 to be sent to my attention so that we can ensure prompt payment. Yours sincerely Don Stubbs Vice President, Finance

>>> <Eric.Dewey@schenker.ca> 07/15/05 11:35AM >>>

Hi Don and Tom,

Further to our conversation yesterday afternoon, please note the changes as discussed, along with clarification on the miscellaneous matter.

The current outstanding balance is \$585,401.09.

We require that \$328,313 be paid by July 15th, 2005, broken down as follows.

1) Additional service invoices from March 2004: \$283,322.00

2) Closing costs: \$44,991.00

You have explained that it may take a week or two to "order" the cash from your parent company. We are prepared to agree on a payment schedule beyond tomorrow's deadline providing 50% is received by July 21st and the balance by July 28th. In this case, we would require a confirmation in writing and would defer a proportionate number of stock transfers to your new facility until the amount is paid in full on July 28th.

With respect to the "asset remaining book value" item in the closing costs invoice (\$203,090.16), we will explore various avenues to mitigate this cost and report back to you later next week.

Also notable are current "Somerset" invoices totalling \$42,205.53 which I assume you will pay as usual.

To make up the balance, \$11,792.40 is the sum of older outstanding matters which we are prepared to write off in the event we receive a final payment on the first matter above.

Schenker is committed to working with Royal Doulton on a smooth transition process in the coming weeks. In order to commit the human and financial resources for this effort, we need your account brought up to date, in accordance with the amounts and dates listed above. Please advise accordingly so we can proceed with our planning process.

Thank-you,

Eric

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Sent from my BlackBerry Wireless Handheld